

EXHIBIT N

From: "Bill Hwang" <bhwang@archegoscapital.com>
Sent: Fri, 31 Jul 2020 22:29:12 -0400 (EDT)
To: "Carey Zhang" <czhang@archegoscapital.com>
Cc: "David Park" <dpark@archegoscapital.com>; "Felicity Tan" <ftan@archegoscapital.com>
Subject: Re: Thoughts on Education Space / GSX

Carey and Felicity,

Thank you for digging deeper into GSX and the sector. I love how GSX is exploring!! My target currently is \$150 given its leadership and higher margin!

On Jul 31, 2020, at 10:14 PM, Carey Zhang <czhang@archegoscapital.com> wrote:

Bill,

We studied China education space further and wanted share two thoughts with you:

1) As both EDU and TAL both mentioned during their earnings call this week, China K-12 education space is a **large and very fragmented market**. With many small players cleared out of the market during COVID-19 due to cash flow issues, all leaders will gain market share. If all players grow per MS estimate (and our estimate for GSX), by the school year ending **Feb 2022, all top players' total enrollment only add to 22.5mm enrollments** => 11-15mm students (each student on average sign up for 1.5-2 courses). This implies very low concentration ratio shared by top players compared with 100mm students who participate in AST today, or the 180mm K-12 students out there. We've created a pie chart below for a visual.

2) Yesterday on China social media, it caught public attention that GSX added two star teachers in "**Graduate School Entrance Exam**" tutoring. We think this is a perfect niche segment for GSX to attack. The move gives us confidence that GSX is explorative and might do more in other attractive education sub-sectors one day, such as "Government Official Qualification Exam" tutoring, and coding/IT. **We raise our TP to \$105.**

- TAM

- **3.4mm students (+18% YoY):** In China, 40% of college graduates choose to take Graduate Entrance Exam in the hope of pursuing more advanced degree. Government raised graduate-school headcount from 0.8mm to 1.0mm this year, which helps delay unemployment and benefits the tutoring market for this exam
 - **High ASP:** on average 20-30K / year, but can go to as much as RMB 50 – 150K per year for premium offline players
- If GSX can get to 10% of these students, priced somewhat competitively at 15K/year, then 10% x 2.9mm x 15K = RMB 4.35 billion revenue per year, adding ~20% upside to street consensus 2022 revenue estimate of ~RMB 20 billion if GSX executes well
- We think Graduate School Entrance Exam tutoring is a near-perfect candidate for online disruption:
 1. Students are highly motivated and self-disciplined adults. (unlike K-12 students who need parents' company / lots of TA attention) Lower student / TA ratio = better profitability.
 2. Many lower-tier city students rent a tiny dormitory bed/room so they can study in Beijing / Shanghai for the entire prep year. With GSX, they can potentially study from

hometown + save on tuition + save the rent.

3. Opportunity cost is high. Word of mouth is important. Star teacher enjoys avid following
4. Large class format works. Such courses started 20 years ago in large classrooms with tens of thousands of people in a big auditorium/stadium. It's typically a one-way teaching process, with little need for teacher/student interaction.
5. Less competition with free materials online: two core subjects that everyone must take exam in are Political Events / Philosophy and English. Because each year the political dynamics shift so much that students cannot rely on free online materials
6. NEGATIVE: **virtually no retention** (unless the student failed the exam AND want to try again the next year with the same tutor) – this is the key shortcoming in running tutoring service for this exam, but word of mouth across classes does help

- We also like it for its **counter-cyclical**ity. This year, in China, 18% more college graduates registered for Graduate School exam, trying to delay graduation given challenging job market + unavailability of overseas graduate schools. The government usually expands graduate school admittance quota when there is an economic downturn (e.g. 0.8mm going to 1.0mm in 2020). This business is countercyclical as in picking up more growth when job market turns south
- Current market leader is Offcn (002607 CH Equity, \$28 bn market cap) who targets 18-45 age group and uses small-class offline model. Over 50% of its revenue come from Government Official Qualification Exam (RMB 4.2 billion revenue in 2019), but they think Graduate School Entrance Exam will be a key growth area for them in the next 3-5 years, followed by IT training as next leg of growth in 5-10 years. Graduate School Entrance Exam grew 100% for them in 2019 (but remain below RMB 1 billion)

<image002.png>

Chat below showing number of college graduates registered for Graduate School Entrance Exam in 2016-2020. Blue bar is number of students taking the exam, in millions (left axis). Orange line is growth rate (right axis).

<image006.jpg>

Latest GSX capsheet is attached.

Best regards,
Felicity and Carey

<GSX Capsheet_2020.07.31.pdf>